

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

| | | | | |
|---|--------------|-----------------|--------------------------------------|--------|
| Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other | | Local Unit Name | | County |
| Fiscal Year End | Opinion Date | | Date Audit Report Submitted to State | |

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☐ The local unit has adopted a budget for all required funds.
5. ☐ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

| | | | | |
|--|--------------------------|--|----------------|-----|
| We have enclosed the following: | Enclosed | Not Required (enter a brief justification) | | |
| Financial Statements | <input type="checkbox"/> | | | |
| The letter of Comments and Recommendations | <input type="checkbox"/> | | | |
| Other (Describe) | <input type="checkbox"/> | | | |
| Certified Public Accountant (Firm Name) | | Telephone Number | | |
| Street Address | | City | State | Zip |
| Authorizing CPA Signature | Printed Name | | License Number | |

TOWNSHIP OF ROSE

REPORT ON AUDIT OF
FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2007

TOWNSHIP OF ROSE

TOWNSHIP OFFICIALS

Supervisor - Chester Koop
Treasurer - Susan Slaughter
Clerk - Alison Kalcec

TOWNSHIP BOARD

David Gordon
Alison Kalcec
Chester Koop
Susan Slaughter
Donald Walls

TOWNSHIP ATTORNEY

John D. Mulvihill, PLLC

TOWNSHIP AUDITORS

Pfeffer, Hanniford & Palka
Certified Public Accountants

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October 15, 2007

Board of Trustees
Township of Rose
9080 Mason Street
Holly, Michigan 48442

INDEPENDENT AUDITORS' REPORT

Honorable Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Rose as of and for the year ended June 30, 2007, which collectively comprise the Township of Rose's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Rose's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness in the Township's internal control over financial reporting. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Rose as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis and other Required Supplementary Information on pages 8 through 12 and 32 through 34 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Rose's basic financial statements. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information, such as the combining statements and individual fund statements, have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

MANAGEMENT DISCUSSION
AND
ANALYSIS

Management Discussion and Analysis June 30, 2007

Within this section of Rose Township's annual financial report, the Township's management is providing a narrative discussion and analysis of the financial activities of the Township for the fiscal year ended June 30, 2007. This narrative discusses and analyzes the activity within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the Township's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the Township's basic financial statements. The basic financial statements include government-wide financial statements, fund financial statements, and notes to the financial statements. The Township also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The Township's annual reports include two government-wide financial statements. These statements provide both long-term and short-term information about the Township's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Assets. This is the Township-wide statement of position presenting information that includes all the Township's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township as a whole is improving or deteriorating. Evaluation of the overall health of the Township may extend to various non-financial factors as well.

The second government-wide statement is the Statement of Activities. This report demonstrates how the Township's net assets changed during the current fiscal year. The design of this statement is to show the financial reliance of the Township's distinct activities or functions on the revenues generated by the Township.

Both government-wide financial statements distinguish governmental activities of the Township that are principally supported by taxes and state revenue sharing. Governmental activities include such activities as general government, public safety, and planning and zoning. Fiduciary activities, as reported in the current tax fund and trust and agency funds are not included in the government-wide statements since these assets are not available to fund Township programs or activities.

The Township's financial reporting includes all the funds of the Township (primary government) and, additionally, organizations for which the Township is accountable (component units).

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Township uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Township's most significant funds rather than the Township as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is reflected in the combining statements later in this report.

The Township has two kinds of funds:

Governmental funds are reported in the financial statements and encompass essentially the same functions as governmental activities in the government-wide financial statements except with a different focus on the financial activity. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of these resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term. Since the focus of the government-wide financial statements includes a long-term view, a reconciliation of these fund balances has been completed to detail its relation to net assets.

Fiduciary funds are reported in the fiduciary fund financial statements, but are excluded from government-wide reporting statements. Fiduciary fund financial statements report resources that are not available to fund Township activities.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of both the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Other supplementary information includes detail by fund for receivables, payables, transfers, and payments within the reporting entity.

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report.

Financial Analysis of the Township as a Whole

The Township's net assets at the end of the fiscal year were \$ 2,176,663. This is a \$ 98,544 increase over last year's net assets of \$ 2,078,119.

The following tables provide a summary of the Township's financial activities and changes in net assets:

Summary of Net Assets

| | <u>Governmental Activities</u> | |
|---|--------------------------------|---------------------|
| | <u>6-30-07</u> | <u>6-30-06</u> |
| Current and other assets | \$ 1,575,007 | \$ 1,705,152 |
| Capital assets | <u>646,150</u> | <u>444,927</u> |
| Total assets | <u>2,221,157</u> | <u>2,150,079</u> |
| Current liabilities | <u>44,494</u> | <u>71,960</u> |
| Net assets: | | |
| Invested in capital assets, net of related debt | 646,150 | 444,927 |
| Reserved | 502,521 | 550,268 |
| Unreserved | <u>1,027,992</u> | <u>1,082,924</u> |
| Total net assets | <u>\$ 2,176,663</u> | <u>\$ 2,078,119</u> |

Summary of Changes in Net Assets

| | <u>Governmental Activities</u> | |
|------------------------------------|--------------------------------|---------------------|
| | <u>6-30-07</u> | <u>6-30-06</u> |
| REVENUES | | |
| Program revenues | | |
| Charges for services | \$ 296,190 | \$ 312,704 |
| Capital grants and contributions | 22,581 | |
| Operating grants and contributions | 38,152 | 36,947 |
| General revenues | | |
| State shared revenues | 417,689 | 427,054 |
| Property taxes | 587,826 | 553,662 |
| Other | <u>57,719</u> | <u>47,393</u> |
| Total revenues | <u>1,420,157</u> | <u>1,377,760</u> |
| EXPENSES | | |
| General government | 676,999 | 676,842 |
| Public safety | 395,883 | 380,054 |
| Public works | 213,428 | 225,201 |
| Parks and recreation | 6,467 | 4,854 |
| Community development | <u>28,836</u> | <u>29,089</u> |
| Total expenses | <u>1,321,613</u> | <u>1,316,040</u> |
| INCREASE IN NET ASSETS | 98,544 | 61,720 |
| BEGINNING NET ASSETS | <u>2,078,119</u> | <u>2,016,399</u> |
| ENDING NET ASSETS | <u>\$ 2,176,663</u> | <u>\$ 2,078,119</u> |

The Township's net assets have increased \$98,554 overall for the year ended June 30, 2007. This is consistent with the Township's financial statements for the last several years.

Financial Analysis of the Township's Funds

The General Fund's fund balance decreased by \$31,921 for the year ended June 30, 2007. This amount was net of transfers made to the Infrastructure, Cemetery, and the Fire Fund. Amounts are similar to the prior years in which revenues are primarily derived from state shared revenues and property taxes, and expenditures are generally for basic township operations and road improvements. Decrease in the General Fund's fund balance was due to the substantial increase in transfers to the Infrastructure Fund to remodel the Township's offices.

The Township had a total of four major funds which are:

1. General Fund
2. Fire Fund
3. Lake Braemer Fund
4. Infrastructure Fund

The aforementioned funds, with the exception of the Infrastructure Fund, had very little variance from the prior year operations. As in past years, the General Fund transferred monies over to the Infrastructure Fund of \$160,000. Large expenditures in the Infrastructure Fund totaling \$183,148 were made to remodel the new Township offices.

General Fund Budgetary Highlights

The Township adopted its budget prior to the beginning of the fiscal year ended June 30, 2007. During the year the budget was amended to reflect changes in estimated revenues and expenditures for the year.

Actual expenditures exceeded budget appropriations in only the Township Board activity.

Capital Asset and Debt Administration

The Township acquired \$225,714 of capital assets during the year pertaining to the remodeling of the Township's offices. A \$22,581 grant was received from Oakland County to assist in this project.

Total depreciation expense allocated to governmental fund activities totaled \$24,491.

The Township did not incur any debt such as bond sales, loans etc. during the year.

Economic Conditions and Future Activities

Given the continued slow recovery of the economy, the Township continues to anticipate further future reductions in state shared revenues. The Township also participates in various grants for community services and infrastructure development. These grant activities were included in the financial statements for the year ended June 30, 2007 and are continuing into the next fiscal period.

Contacting the Township's Financial Management

This report is designed to provide a general overview of the Township's financial position and comply with finance-related regulations. If you have any further questions about this report or request additional information please contact the Township of Rose 9080 Mason St., Holly, MI 48442.

BASIC FINANCIAL
STATEMENTS

GOVERNMENT - WIDE
FINANCIAL
STATEMENTS

TOWNSHIP OF ROSE
STATEMENT OF NET ASSETS
JUNE 30, 2007

| | <u>Governmental Activities</u> |
|-------------------------------------|------------------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 1,412,743 |
| Receivables | |
| State shared revenues | 134,285 |
| Accounts - other | 27,979 |
| Capital assets, net of depreciation | <u>646,150</u> |
| Total assets | <u>2,221,157</u> |
| LIABILITIES | |
| Accounts payable | 30,829 |
| Deferred revenues | <u>13,665</u> |
| Total liabilities | <u>44,494</u> |
| NET ASSETS | |
| Investment in capital assets | 646,150 |
| Reserved for: | |
| Fire protection | 288,508 |
| Public works | 214,013 |
| Unreserved | <u>1,027,992</u> |
| Total net assets | <u>\$ 2,176,663</u> |

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF ROSE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

| | | Program Revenues | | |
|-------------------------------|-----------------------|-------------------|---------------------------------|---------------------------------|
| | | Charges for | Operating | Capital |
| | <u>Expenses</u> | <u>Services</u> | <u>Grants and Contributions</u> | <u>Grants and Contributions</u> |
| GOVERNMENTAL ACTIVITIES | | | | |
| General government | \$ (676,999) | \$ 199,426 | \$ 19,551 | \$ 22,581 |
| Fire protection | (395,883) | | | |
| Public works | (196,699) | 91,534 | | |
| Cemetery | (16,729) | 5,230 | | |
| Parks and recreation | (6,467) | | | |
| Community development | (28,836) | | 18,601 | |
| Total governmental activities | <u>\$ (1,321,613)</u> | <u>\$ 296,190</u> | <u>\$ 38,152</u> | <u>\$ 22,581</u> |

General Revenues:

Property taxes, levied for general purpose
State shared revenues
Interest income
Other revenues

Total general revenues

Change in net assets

Net assets, July 1, 2006

Net assets, June 30, 2007

The accompanying notes are an integral part of the financial statements.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

Net
Governmental
Activities

\$ (435,441)
(395,883)
(105,165)
(11,499)
(6,467)
(10,235)

(964,690)

587,826
417,689
54,736
2,983

1,063,234

98,544

2,078,119

\$ 2,176,663

FUND
FINANCIAL
STATEMENTS

TOWNSHIP OF ROSE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007

| | General Fund | Fire Fund | Lake Braemar Fund | Infrastructure Fund |
|-------------------------------------|-------------------|-------------------|-------------------------|------------------------|
| <u>ASSETS</u> | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 787,837 | \$ 288,508 | \$ 66,523 | \$ 16,924 |
| Receivables | | | | |
| State shared revenues | 134,285 | | | |
| Accounts - other | 17,487 | | | 5,004 |
| Due from other funds | <u>3,522</u> | <u> </u> | <u> </u> | <u> </u> |
| Total assets | <u>\$ 943,131</u> | <u>\$ 288,508</u> | <u>\$ 66,523</u> | <u>\$ 21,928</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | | | |
| LIABILITIES | | | | |
| Accounts payable | \$ 15,587 | \$ | \$ 12,830 | \$ |
| Due to other funds | | | | |
| Deferred revenues | <u>13,665</u> | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities | <u>29,252</u> | <u> </u> | <u>12,830</u> | <u> </u> |
| FUND BALANCES | | | | |
| Unreserved | 913,879 | | | 21,928 |
| Reserved | <u> </u> | <u>288,508</u> | <u>53,693</u> | <u> </u> |
| Total fund balances | <u>913,879</u> | <u>288,508</u> | <u>53,693</u> | <u>21,928</u> |
| Total liabilities and fund balances | <u>\$ 943,131</u> | <u>\$ 288,508</u> | <u>\$ 66,523</u> | <u>\$ 21,928</u> |

The accompanying notes are an integral part of the financial statements.

| <u>Non-major Funds</u> | <u>Total</u> |
|----------------------------|--------------------|
| \$ 252,951 | \$1,412,743 |
| | 134,285 |
| 3,922 | 26,413 |
| <u> </u> | <u>3,522</u> |
| <u>\$ 256,873</u> | <u>\$1,576,963</u> |

| | |
|-------------------|---------------|
| \$ 2,412 | \$ 30,829 |
| 1,956 | 1,956 |
| <u> </u> | <u>13,665</u> |
| <u>4,368</u> | <u>46,450</u> |

| | |
|-------------------|--------------------|
| 92,185 | 1,027,992 |
| <u>160,320</u> | <u>502,521</u> |
| <u>252,505</u> | <u>1,530,513</u> |
| <u>\$ 256,873</u> | <u>\$1,576,963</u> |

TOWNSHIP OF ROSE
RECONCILIATION OF STATEMENT OF NET ASSETS
OF GOVERNMENTAL FUNDS TO THE BALANCE SHEET
JUNE 30, 2007

Amounts reported for governmental activities in the Statement
of Net Assets are different because:

| | | |
|---|------------------|---------------------|
| Total fund balance per balance sheet | | \$ 1,530,513 |
| Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. | | |
| Historical cost | \$ 768,638 | |
| Depreciation | <u>(122,488)</u> | |
| Capital assets net of depreciation | | <u>646,150</u> |
| Net assets of governmental activities | | <u>\$ 2,176,663</u> |

The accompanying notes are an integral part of the financial statements.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

TOWNSHIP OF ROSE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

| | General Fund | Fire Fund | Lake Braemar Fund |
|---|-------------------|-------------------|-------------------------|
| REVENUES | | | |
| Taxes | \$ 257,112 | \$ 330,714 | \$ 17,040 |
| Special assessments | | | |
| State shared revenues | 417,689 | | |
| Grant income | 14,547 | | |
| Licenses and permits | 37,806 | | |
| Charges for services | 75,038 | | |
| Interest | 45,389 | 5,797 | 574 |
| Miscellaneous | <u>2,983</u> | | |
| Total revenues | <u>850,564</u> | <u>336,511</u> | <u>17,614</u> |
| EXPENDITURES | | | |
| General government | 602,767 | | |
| Fire protection | | 395,883 | |
| Community development | 10,235 | | |
| Parks and recreation | 5,327 | | |
| Public works | <u>84,156</u> | | <u>29,944</u> |
| Total expenditures | <u>702,485</u> | <u>395,883</u> | <u>29,944</u> |
| Excess of revenues over (under) expenditures | <u>148,079</u> | <u>(59,372)</u> | <u>(12,330)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers in | | 14,000 | |
| Transfers out | <u>(180,000)</u> | | |
| Total other financing sources (uses) | <u>(180,000)</u> | <u>14,000</u> | |
| Net changes in fund balances | (31,921) | (45,372) | (12,330) |
| FUND BALANCE, JULY 1, 2006 | <u>945,800</u> | <u>333,880</u> | <u>66,023</u> |
| FUND BALANCE, JUNE 30, 2007 | <u>\$ 913,879</u> | <u>\$ 288,508</u> | <u>\$ 53,693</u> |

The accompanying notes are an integral part of the financial statements.

| <u>Infrastructure Fund</u> | <u>Non-major Funds</u> | <u>Total</u> |
|--------------------------------|----------------------------|---------------------|
| \$ | \$ | \$ |
| | 74,494 | 587,826 |
| | | 91,534 |
| | | 417,689 |
| 5,004 | 18,601 | 38,152 |
| 7,648 | 78,934 | 124,388 |
| | 5,230 | 80,268 |
| 150 | 2,826 | 54,736 |
| | | 2,983 |
| <u>12,802</u> | <u>180,085</u> | <u>1,397,576</u> |
| 183,148 | 87,595 | 873,510 |
| | | 395,883 |
| | 18,601 | 28,836 |
| | | 5,327 |
| | <u>82,599</u> | <u>196,699</u> |
| <u>183,148</u> | <u>188,795</u> | <u>1,500,255</u> |
| <u>(170,346)</u> | <u>(8,710)</u> | <u>(102,679)</u> |
| 160,000 | 6,000 | 180,000 |
| | | (180,000) |
| <u>160,000</u> | <u>6,000</u> | |
| (10,346) | (2,710) | (102,679) |
| <u>32,274</u> | <u>255,215</u> | <u>1,633,192</u> |
| <u>\$ 21,928</u> | <u>\$ 252,505</u> | <u>\$ 1,530,513</u> |

TOWNSHIP OF ROSE
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

Amounts reported for governmental activities in the Statement of Activities are different because:

| | |
|--|--------------|
| Net change in fund balances - governmental funds | \$ (102,679) |
|--|--------------|

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their useful lives as depreciation expense. The amount by which capital outlays exceeded depreciation is as follows:

| | | |
|----------------------|-----------------|---------|
| Capital outlay | \$ 203,133 | |
| Depreciation expense | <u>(24,491)</u> | |
| Total | | 178,642 |

Capital grant received by Oakland County used no Township resources. Thus, not recorded on the governmental fund statements, is a capital asset and capital grant on the governmental - wide statements.

22,581

| | |
|---|------------------|
| Change in net assets of governmental activities | <u>\$ 98,544</u> |
|---|------------------|

The accompanying notes are an integral part of the financial statements.

TOWNSHIP OF ROSE
FIDUCIARY FUNDS
STATEMENT OF ASSETS AND LIABILITIES
JUNE 30, 2007

| | <u>Current Tax Collection</u> | <u>Trust and Agency</u> | <u>Totals</u> |
|---------------------------|---------------------------------------|-----------------------------|---------------------|
| ASSET | | | |
| Cash and cash equivalents | <u>\$ 508</u> | <u>\$ 50,945</u> | <u>\$ 51,453</u> |
| LIABILITIES | | | |
| Due to other funds | \$ 508 | \$ 1,058 | \$ 1,566 |
| Performance bonds | <u> </u> | <u> 49,887</u> | <u> 49,887</u> |
| Total liabilities | <u>\$ 508</u> | <u>\$ 50,945</u> | <u>\$ 51,453</u> |

The accompanying notes are an integral part of the financial statements.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

NOTES
TO
FINANCIAL
STATEMENTS

TOWNSHIP OF ROSE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township of Rose conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

A. BASIC FINANCIAL STATEMENTS

In accordance with GASB Statement No. 34 - *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, the basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (Statement of Net Assets and Statement of Activities) report on the Township as a whole, excluding fiduciary activities. Governmental fund types are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Generally, the effect of interfund activity has been removed from the government-wide financial statements.

The government-wide Statement of Net Assets reports all financial and capital resources of the Township (excluding fiduciary funds). It is displayed in a format of assets less liabilities equals net assets, with the assets and liabilities shown in order of their relative liquidity. Net assets are required to be displayed in three components: 1) invested in capital assets 2) restricted, and 3) unrestricted. Invested in capital assets, net of related debt is capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net assets are those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net assets not otherwise classified as restricted, are shown as unrestricted. Generally, the Township would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

The government-wide Statement of Activities demonstrates the degree to which both direct and indirect expenses of the various functions and programs of the Township are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Indirect expenses for administrative overhead are allocated among the functions and activities using a full cost allocation approach and are presented separately to enhance comparability of direct expense between governments that allocate direct expenses and those that do not. Interest on general long-term debt is not allocated to the various functions. Program revenues include: 1) charges to customers or users who purchase, use or directly benefit from goods, services or privileges provided by a particular function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes, unrestricted investment income and other revenues not identifiable with particular functions or programs are included as general revenues. The general revenues support the net costs of the functions and programs not covered by program revenues.

Also, part of the basic financial statements are fund financial statements for the governmental funds. The focus of the fund financial statements is on major funds, as defined by GASB Statement No. 34. Although this reporting model sets forth minimum criteria for determination of major funds (a percentage of assets, liabilities, revenues, or expenditures of fund category and of the governmental funds combined), it also gives governments the option of displaying other funds as major funds. Other non-major funds are combined in a single column on the fund financial statements.

TOWNSHIP OF ROSE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Fire Fund accounts for the activity associated with contracting for fire protection services. This fund is supported by property taxes approved from a separately voted millage.

The Lake Braemar Fund accounts for the activities related to the maintenance of the area surrounding Lake Braemar. The residents benefiting from this maintenance are assessed amounts related to the cost of the maintenance.

The Infrastructure Fund accounts for the activities related to the transfers made by the General fund to provide for future capital improvement projects and the related expenditures for the new Township offices.

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The governmental fund financial statements are prepared on a modified accrual basis of accounting. To conform to the modified accrual basis of accounting, certain modifications must be made to the accrual method. These modifications are outlined below:

- A. Revenue is recorded when it becomes both measurable and available (received within 60 days after year-end). Revenue considered susceptible to accrual includes: property taxes, sales and use taxes, licenses, fees and permits, intergovernmental revenues, charges for services and interest.
- B. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.
- C. Disbursements for the purchase of capital assets providing future benefits are considered expenditures. Bond proceeds are reported as another financing source.

With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balances as a measure of available spendable resources.

This is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to: 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the Township's actual revenues and expenditures conform to the annual budget. Since the governmental funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

Fiduciary funds account for assets held by the Township in a trustee or agency capacity on behalf of others and, therefore, are not available to support Township programs. The reporting focus is upon net assets and changes in net assets and employs accounting principles similar to proprietary funds. Fiduciary funds are not included in the government-wide financial statements as they are not an asset of the Township available to support Township programs.

TOWNSHIP OF ROSE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

C. BUDGETARY DATA

The Township approves budgets for the general, special revenue and capital projects funds. Amendments made during the fiscal year are reflected in the budget column of the appropriate financial statement. The budgets are prepared on a modified accrual basis

D. PROPERTY TAXES

The Township property tax is levied each December 1 on the taxable valuation of property located in the township as of the preceding December 31. Taxable values are established annually by the county and are equalized by the state. Real and personal property in the Township for the 2006 levy was assessed at an adjusted taxable value of \$242,097,910. Taxes are due and payable by February 28. Delinquent real and personal property taxes are returned to the County Treasurer for collection.

The Township levies the following millage:

| | |
|------------------|---------------|
| General Township | 1.0205 |
| Fire | <u>1.3661</u> |
| Total millage | <u>2.3866</u> |

E. OTHER FINANCING SOURCES (USES)

The transfer of cash between the various funds are budgeted but reported separate from revenues and expenditures as transfers in or (out) unless they represent temporary advances that are to be repaid, in which case they are carried as assets or liabilities of the advancing or borrowing fund.

The Township General Fund made transfers to the Fire, Cemetery, and Infrastructure Funds.

F. CAPITAL ASSETS

Under GASB Statement No. 34, all capital assets whether owned by governmental activities or business-type activities, are recorded and depreciated in the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental funds financial statements.

Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than one year. Land is considered a capital asset regardless of initial cost. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

TOWNSHIP OF ROSE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

| | |
|--|----------------|
| Buildings, structures and improvements | 10 to 50 years |
| Machinery and equipment | 5 to 40 years |

Any capital assets transferred between funds are transferred at their net book value (cost less accumulated depreciation), as of the date of the transfer.

G. MANAGEMENT ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

H. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

I. CASH AND CASH EQUIVALENTS

The Township considers its deposits and restricted deposits and investments held with maturities of three months or less to be cash equivalents.

NOTE 2 - DESCRIPTION OF REPORTING ENTITY

In accordance with Governmental Accounting Standards Board (GASB) statement number 39, all funds, agencies, and activities of the Township of Rose as the primary government have been included in the financial statements.

NOTE 3 - INTERFUND BALANCES

All interfund balances are short-term in character. Interfund transfers will be collected during the next reporting period. These amounts are reported as current assets in the governmental balance sheets. The amounts of interfund receivables and payables are as follows:

| <u>Fund</u> | <u>Interfund Receivable</u> | <u>Fund</u> | <u>Interfund Payable</u> |
|--------------|---------------------------------|----------------------------|------------------------------|
| General Fund | \$ 250 | Community Development Fund | \$ 250 |
| General Fund | 1,706 | Building Inspection Fund | 1,706 |
| General Fund | 1,058 | Trust and Agency Fund | 1,058 |
| General Fund | <u>508</u> | Current Tax Fund | <u>508</u> |
| | <u>\$ 3,522</u> | | <u>\$ 3,522</u> |

TOWNSHIP OF ROSE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 4 - EMPLOYEE RETIREMENT PLAN

The Township participates in the John Hancock Defined Contribution Pension Plan Group No. 89571 for Michigan Township employees. This is a single-employer plan. All full-time employees are eligible to participate in the plan. The Township contributes 10% of participant's compensation, while an employee may contribute 1% to 10% of compensation. Annual compensation used to determine the current year contribution is as of July 1, preceding the year. Contribution information is as follows:

| | |
|---|------------------|
| TOTAL CURRENT YEAR EMPLOYER CONTRIBUTIONS | \$ <u>23,511</u> |
|---|------------------|

This balance reflects contributions for the period from July 1, 2006 to June 30, 2007. The current year employee and employer contribution for the year ended June 30, 2007, was \$28,278. Interest has been credited to June 30, 2007.

NOTE 5 - POST-EMPLOYMENT BENEFITS

In the early 1990's the Township approved a resolution to offer all eligible full-time employees/elected officials medical, hospitalization, and dental insurance. To be eligible one must complete 16 years of service and have obtained the age of 65. The Township only contributes the costs of having coverage as a single person. As of the year ended June 30, 2007 there was 3 individuals receiving these benefits. There are 8 individuals that may qualify to receive these benefits, but have not met the service or age prerequisites. The above policy was eliminated in 2003 to stop the benefit for all new employees.

The expenditures made on behalf of the 3 individuals collecting post-employment benefits for the fiscal year ending June 30, 2007 was \$22,714. The Township is funding this program on a pay-as-you-go basis and has not obtained an actuarial evaluation of future obligations.

The Governmental Accounting Standards Board has released Statement Number 45, *Accounting and Reporting by Employers for Post Employment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" post employment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending June 30, 2009.

TOWNSHIP OF ROSE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2007 was as follows:

| | Balance 7/1/06 | Additions | Deletions | Balance 6/30/07 |
|---|-------------------|-------------------|-----------|--------------------|
| Land | \$ 151,467 | \$ | \$ | \$ 151,467 |
| Township Hall Building and improvements | 46,280 | | | 46,280 |
| Machinery and equipment | 126,599 | | | 126,599 |
| New Township Offices Building and Improvements | <u>218,578</u> | <u>225,714</u> | | <u>444,292</u> |
| Total capital assets | 542,924 | 225,714 | | 768,638 |
| Accumulated depreciation | <u>(97,997)</u> | <u>(24,491)</u> | | <u>(122,488)</u> |
| Governmental activities capital asset, net | <u>\$ 444,927</u> | <u>\$ 201,223</u> | <u>\$</u> | <u>\$ 646,150</u> |

Depreciation expense is being recorded in the government-wide statement of activities based upon the fund and activity utilizing the assets. The Township utilizes the straight line method to depreciate capital assets over their estimated useful lives. No debt is associated with these capital assets. Depreciation expense was allocated to the following activities:

| | |
|----------------------|------------------|
| Cemetery | \$ 270 |
| General government | 23,081 |
| Parks and recreation | <u>1,140</u> |
| | <u>\$ 24,491</u> |

There were \$22,581 of capital assets given to the Township by Oakland County. This activity required no financial sources from the Township. Thus, this grant is recorded solely in the government-wide financial statements.

TOWNSHIP OF ROSE
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

NOTE 7 - DEPOSITS WITH FINANCIAL INSTITUTIONS

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit union, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal Agency obligation repurchase agreements; bankers; acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3 risk disclosures for the Township's deposits and investments are as follows:

| <u>Deposits</u> | <u>Primary Government</u> | <u>Fiduciary Funds</u> | <u>Total</u> | <u>Bank Balance</u> |
|--------------------------------|-------------------------------|----------------------------|---------------------|-------------------------|
| Insured | \$ 300,000 | \$ -0- | \$ 300,000 | \$ 300,000 |
| Uninsured and uncollateralized | <u>1,112,743</u> | <u>51,453</u> | <u>1,164,196</u> | <u>1,186,996</u> |
| Total deposits | <u>\$ 1,412,743</u> | <u>\$ 51,453</u> | <u>\$ 1,464,196</u> | <u>\$ 1,486,996</u> |

NOTE 8 - CONTINGENT LIABILITIES

The Township is involved in various legal actions arising in the normal course of business. In the opinion of management, such matters will not have a material effect upon the financial position of the Township.

NOTE 9 - GRANT ACTIVITIES

The Township participates in a Community Development Block Grant (CDBG) consortium passed through Oakland County. The County performs a full compliance audit on the Township's program performance. Although the grants were completed during the fiscal year, it remains open for possible compliance audits.

REQUIRED SUPPLEMENTARY
INFORMATION

TOWNSHIP OF ROSE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

| | Budgets | | Actual | Variance with Final Budget Favorable (Unfavorable) |
|---|------------|------------|------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| Property taxes | \$ 243,650 | \$ 256,750 | \$ 257,112 | \$ 362 |
| State shared revenues | 434,500 | 421,500 | 417,689 | (3,811) |
| Licenses and permits | 32,250 | 34,450 | 37,806 | 3,356 |
| Charges for services | 86,650 | 99,150 | 75,038 | (24,112) |
| Other revenues | 34,800 | 58,075 | 62,919 | 4,844 |
| Total revenues | 831,850 | 869,925 | 850,564 | (19,361) |
| EXPENDITURES | | | | |
| Township board | 16,075 | 14,575 | 15,675 | (1,100) |
| Supervisor | 48,650 | 48,500 | 48,443 | 57 |
| Elections | 24,200 | 20,200 | 15,176 | 5,024 |
| Assessor | 34,535 | 34,035 | 31,971 | 2,064 |
| Clerk | 106,305 | 106,305 | 104,389 | 1,916 |
| Board of review | 1,900 | 2,050 | 2,035 | 15 |
| Treasurer | 113,880 | 117,880 | 117,615 | 265 |
| Building and grounds | 36,575 | 35,075 | 32,070 | 3,005 |
| Unallocated | 209,400 | 184,740 | 160,263 | 24,477 |
| Ordinance enforcement | 28,100 | 28,100 | 27,404 | 696 |
| Planning commission | 67,795 | 53,845 | 46,988 | 6,857 |
| Zoning board of appeals | 2,200 | 2,200 | 738 | 1,462 |
| Public works | 105,400 | 86,700 | 84,156 | 2,544 |
| Senior citizens | 1,500 | | | |
| Community promotion | 3,625 | 3,625 | 3,625 | |
| Parks and recreation | 5,600 | 5,600 | 5,327 | 273 |
| Library | 6,700 | 6,700 | 6,610 | 90 |
| Total expenditures | 812,440 | 750,130 | 702,485 | 47,645 |
| Excess of revenues over (under) expenditures | 19,410 | 119,795 | 148,079 | 28,284 |
| OTHER FINANCING (USES) | | | | |
| Transfers (out) | (20,000) | (203,087) | (180,000) | 23,087 |
| Net change in fund balance | (590) | (83,292) | (31,921) | 51,371 |
| FUND BALANCE, JULY 1, 2006 | 945,800 | 945,800 | 945,800 | |
| FUND BALANCE, JUNE 30, 2007 | \$ 945,210 | \$ 862,508 | \$ 913,879 | \$ 51,371 |

TOWNSHIP OF ROSE
FIRE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

| | Budgets | | Actual | Variance with Final Budget Favorable (Unfavorable) |
|---|------------|------------|------------|--|
| | Original | Final | | |
| REVENUES | | | | |
| Property taxes | \$ | \$ | \$ 330,714 | \$ |
| Interest income | | | 5,797 | |
| Total revenues | 327,000 | 335,000 | 336,511 | 1,511 |
| EXPENDITURES | | | | |
| Contractual services and maintenance | 398,250 | 398,000 | 395,883 | 2,117 |
| Excess of revenues over (under) expenditures | (71,250) | (63,000) | (59,372) | 3,628 |
| OTHER FINANCING SOURCES | | | | |
| Transfer in | 14,000 | 14,000 | 14,000 | |
| Net change in fund balance | (57,250) | (49,000) | (45,372) | 3,628 |
| FUND BALANCE, JULY 1, 2006 | 333,880 | 333,880 | 333,880 | |
| FUND BALANCE, JUNE 30, 2007 | \$ 276,630 | \$ 284,880 | \$ 288,508 | \$ 3,628 |

TOWNSHIP OF ROSE
LAKE BRAEMAR FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

| | Budgets | | Actual | Variance with Final Budget Favorable (Unfavorable) |
|-----------------------------|-----------|-----------|-----------|--|
| | Original | Final | | |
| REVENUES | | | | |
| Special assessments | \$ | \$ | \$ 17,040 | \$ |
| Interest | | | 574 | |
| Total revenues | 17,450 | 17,450 | 17,614 | 164 |
| EXPENDITURES | | | | |
| Weed control projects | 17,450 | 17,450 | 29,944 | (12,494) |
| Net change in fund balance | | | (12,330) | (12,330) |
| FUND BALANCE, JULY 1, 2006 | 66,023 | 66,023 | 66,023 | |
| FUND BALANCE, JUNE 30, 2007 | \$ 66,023 | \$ 66,023 | \$ 53,693 | \$ (12,330) |

SUPPLEMENTARY
INFORMATION

COMBINING
STATEMENTS

TOWNSHIP OF ROSE
ALL SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2007

| | <u>Fire</u> | <u>Building Inspection</u> | <u>Big Trail Road</u> | <u>Williams Road</u> |
|---|-------------------|--------------------------------|---------------------------|--------------------------|
| <u>ASSETS</u> | | | | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 288,508 | \$ 15,371 | \$ 7,240 | \$ 3,812 |
| Accounts receivable | | <u>186</u> | | |
| Total assets | <u>\$ 288,508</u> | <u>\$ 15,557</u> | <u>\$ 7,240</u> | <u>\$ 3,812</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | | | |
| LIABILITIES | | | | |
| Accounts payable | \$ | \$ 1,457 | \$ | \$ |
| Due to other funds | | <u>1,706</u> | | |
| Total liabilities | | <u>3,163</u> | | |
| FUND BALANCE | | | | |
| Reserved for endowment | | | | |
| Reserved for public works | | | 7,240 | 3,812 |
| Reserved for fire protection | 288,508 | | | |
| Unreserved | | <u>12,394</u> | | |
| Total fund balance | <u>288,508</u> | <u>12,394</u> | <u>7,240</u> | <u>3,812</u> |
| Total liabilities and fund balance | <u>\$ 288,508</u> | <u>\$ 15,557</u> | <u>\$ 7,240</u> | <u>\$ 3,812</u> |

| <u>Fish Lake Weed Control</u> | <u>Tipsico Lake</u> | <u>Cemetery</u> | <u>Cable PEG</u> | <u>Community Development</u> | <u>Lake Braemar</u> | <u>Street Lighting</u> | <u>Totals</u> |
|---------------------------------------|-------------------------|------------------|----------------------|----------------------------------|-------------------------|----------------------------|---------------------|
| \$ 6,903 | \$ 104,819 | \$ 37,874 | \$ 76,158 3,486 | \$ 250 | \$ 66,523 | \$ 774 | \$ 607,982 3,922 |
| <u>\$ 6,903</u> | <u>\$ 104,819</u> | <u>\$ 37,874</u> | <u>\$ 79,644</u> | <u>\$ 250</u> | <u>\$ 66,523</u> | <u>\$ 774</u> | <u>\$ 611,904</u> |
| | | | | | | | |
| \$ | \$ | \$ 869 | \$ | \$ 250 | \$ 12,830 | \$ 86 | \$ 15,242 1,956 |
| | | 869 | | 250 | 12,830 | 86 | 17,198 |
| | | 36,858 | | | | | 36,858 |
| 6,903 | 104,819 | | | | 53,693 | 688 | 177,155 |
| | | 147 | 79,644 | | | | 288,508 |
| <u>6,903</u> | <u>104,819</u> | <u>37,005</u> | <u>79,644</u> | | <u>53,693</u> | <u>688</u> | <u>92,185</u> |
| <u>6,903</u> | <u>104,819</u> | <u>37,005</u> | <u>79,644</u> | | <u>53,693</u> | <u>688</u> | <u>594,706</u> |
| <u>\$ 6,903</u> | <u>\$ 104,819</u> | <u>\$ 37,874</u> | <u>\$ 79,644</u> | <u>\$ 250</u> | <u>\$ 66,523</u> | <u>\$ 774</u> | <u>\$ 611,904</u> |

TOWNSHIP OF ROSE
ALL TRUST AND AGENCY FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2007

| | <u>Current Tax Collection</u> | <u>Trust and Agency</u> | <u>Totals</u> |
|---------------------------|---------------------------------------|-----------------------------|------------------|
| ASSET | | | |
| Cash and cash equivalents | \$ <u>508</u> | \$ <u>50,945</u> | \$ <u>51,453</u> |
| LIABILITIES | | | |
| Due to other funds | \$ 508 | \$ 1,058 | \$ 1,566 |
| Performance bonds | <u> </u> | <u>49,887</u> | <u>49,887</u> |
| Total liabilities | \$ <u>508</u> | \$ <u>50,945</u> | \$ <u>51,453</u> |

TOWNSHIP OF ROSE
ALL SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2007

| | <u>Fire</u> | <u>Building Inspection</u> | <u>Big Trail Road</u> | <u>Williams Drive</u> |
|---|-------------------|--------------------------------|---------------------------|---------------------------|
| REVENUES | | | | |
| Property taxes | \$ 330,714 | \$ | \$ | \$ |
| Business licenses and permits | | 65,462 | | |
| Special assessments | | | 7,430 | 3,729 |
| Franchise fees | | | | |
| Lot sales and transfers | | | | |
| Grant revenue | | | | |
| Interest | <u>5,797</u> | <u>256</u> | <u>65</u> | <u>37</u> |
| Total revenues | <u>336,511</u> | <u>65,718</u> | <u>7,495</u> | <u>3,766</u> |
| EXPENDITURES | | | | |
| Fire protection | 395,883 | | | |
| Ordinance enforcement | | 74,485 | | |
| Road maintenance | | | 6,751 | 3,844 |
| Lake maintenance | | | | |
| Cemetery maintenance | | | | |
| Community development | | | | |
| Street lighting | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total expenditures | <u>395,883</u> | <u>74,485</u> | <u>6,751</u> | <u>3,844</u> |
| Excess of revenues over (under) expenditures | (59,372) | (8,767) | 744 | (78) |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | <u>14,000</u> | <u> </u> | <u> </u> | <u> </u> |
| Net changes in fund balances | (45,372) | (8,767) | 744 | (78) |
| FUND BALANCE, JULY 1, 2006 | <u>333,880</u> | <u>21,161</u> | <u>6,496</u> | <u>3,890</u> |
| FUND BALANCE, JUNE 30, 2007 | <u>\$ 288,508</u> | <u>\$ 12,394</u> | <u>\$ 7,240</u> | <u>\$ 3,812</u> |

| <u>Fish Lake Weed Control</u> | <u>Tipsico Lake</u> | <u>Cemetery</u> | <u>Cable PEG</u> | <u>Community Development</u> | <u>Lake Braemar</u> | <u>Street Lighting</u> | <u>Totals</u> |
|---------------------------------------|-------------------------|-----------------|----------------------|----------------------------------|-------------------------|----------------------------|---------------|
| \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ 330,714 |
| 16,277 | 46,108 | | | | 17,040 | 950 | 65,462 |
| | | | 13,472 | | | | 91,534 |
| | | 5,230 | | 18,601 | | | 13,472 |
| | | | | | | | 5,230 |
| 113 | 1,199 | 1,149 | | | 574 | 7 | 18,601 |
| 16,390 | 47,307 | 6,379 | 13,472 | 18,601 | 17,614 | 957 | 9,197 |
| | | | | | | | 534,210 |
| | | | | | | | 395,883 |
| | | | | | | | 74,485 |
| | | | | | | | 10,595 |
| 14,039 | 40,432 | | | | 29,944 | | 84,415 |
| | | 16,459 | | | | | 16,459 |
| | | | 13,110 | 18,601 | | | 31,711 |
| | | | | | | 1,074 | 1,074 |
| 14,039 | 40,432 | 16,459 | 13,110 | 18,601 | 29,944 | 1,074 | 614,622 |
| | | | | | | | |
| 2,351 | 6,875 | (10,080) | 362 | | (12,330) | (117) | (80,412) |
| | | 6,000 | | | | | 20,000 |
| 2,351 | 6,875 | (4,080) | 362 | | (12,330) | (117) | (60,412) |
| 4,552 | 97,944 | 41,085 | 79,282 | | 66,023 | 805 | 655,118 |
| \$ 6,903 | \$ 104,819 | \$ 37,005 | \$ 79,644 | \$ | \$ 53,693 | \$ 688 | \$ 594,706 |

INDIVIDUAL
FUNDS

GENERAL
FUND

TOWNSHIP OF ROSE
GENERAL FUND
BALANCE SHEET
JUNE 30, 2007

ASSETS

ASSETS

| | | |
|----------------------------------|--------------|-------------------|
| Cash and cash equivalents | \$ 787,837 | |
| Accounts receivable | 17,487 | |
| State shared revenues receivable | 134,285 | |
| Due from other funds | <u>3,522</u> | |
| Total assets | | \$ <u>943,131</u> |

LIABILITIES AND FUND BALANCE

LIABILITIES

| | | |
|-------------------|---------------|-----------|
| Accounts payable | \$ 15,587 | |
| Deferred revenues | <u>13,665</u> | |
| Total liabilities | | \$ 29,252 |

FUND BALANCE

| | | |
|------------------------------------|--|-------------------|
| Undesignated | | <u>913,879</u> |
| Total liabilities and fund balance | | \$ <u>943,131</u> |

TOWNSHIP OF ROSE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

| | Amended Budget | Actual | Variance Favorable (Unfavorable) |
|--|-------------------|-------------------|--|
| REVENUES | | | |
| Property taxes | \$ 256,750 | \$ 257,112 | \$ 362 |
| State shared revenues | 421,500 | 417,689 | (3,811) |
| Licenses and permits | 34,450 | 37,806 | 3,356 |
| Charges for services | 99,150 | 75,038 | (24,112) |
| Other revenues | <u>58,075</u> | <u>62,919</u> | <u>4,844</u> |
| Total revenues | <u>869,925</u> | <u>850,564</u> | <u>(19,361)</u> |
| EXPENDITURES | | | |
| Township board | 14,575 | 15,675 | (1,100) |
| Supervisor | 48,500 | 48,443 | 57 |
| Elections | 20,200 | 15,176 | 5,024 |
| Assessor | 34,035 | 31,971 | 2,064 |
| Clerk | 106,305 | 104,389 | 1,916 |
| Board of review | 2,050 | 2,035 | 15 |
| Treasurer | 117,880 | 117,615 | 265 |
| Building and grounds | 35,075 | 32,070 | 3,005 |
| Unallocated | 184,740 | 160,263 | 24,477 |
| Ordinance enforcement | 28,100 | 27,404 | 696 |
| Planning commission | 53,845 | 46,988 | 6,857 |
| Zoning board of appeals | 2,200 | 738 | 1,462 |
| Public works | 86,700 | 84,156 | 2,544 |
| Community promotion | 3,625 | 3,625 | |
| Parks and recreation | 5,600 | 5,327 | 273 |
| Library | <u>6,700</u> | <u>6,610</u> | <u>90</u> |
| Total expenditures | <u>750,130</u> | <u>702,485</u> | <u>47,645</u> |
| Excess of revenues over (under) expenditures | 119,795 | 148,079 | 28,284 |
| OTHER FINANCING (USES) | | | |
| Transfer (out) | <u>(203,087)</u> | <u>(180,000)</u> | <u>23,087</u> |
| Net change in fund balance | (83,292) | (31,921) | 51,371 |
| FUND BALANCE, JULY 1, 2006 | <u>945,800</u> | <u>945,800</u> | |
| FUND BALANCE, JUNE 30, 2007 | <u>\$ 862,508</u> | <u>\$ 913,879</u> | <u>\$ 51,371</u> |

TOWNSHIP OF ROSE
GENERAL FUND
STATEMENT OF REVENUES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

| | Amended Budget | Actual | Variance Favorable (Unfavorable) |
|----------------------------|-------------------|------------|--|
| PROPERTY TAXES | \$ 256,750 | \$ 257,112 | \$ 362 |
| STATE SHARED REVENUES | 421,500 | 417,689 | (3,811) |
| LICENSES AND PERMITS | | | |
| Dog licenses | | 327 | |
| Cable franchise fees | | 37,479 | |
| Total licenses and permits | 34,450 | 37,806 | 3,356 |
| CHARGES FOR SERVICES | | | |
| Election reimbursements | | 3,257 | |
| Pest control | | 1,482 | |
| Planning commission | | 2,500 | |
| Passports | | 1,110 | |
| Board of appeals | | 1,650 | |
| Tower rental | | 50,357 | |
| Other charges for services | | 654 | |
| Tax collection fees | | 14,028 | |
| Total charges for services | 99,150 | 75,038 | (24,112) |
| OTHER REVENUES | | | |
| Infrastructure grant | | 14,547 | |
| Interest | | 45,389 | |
| Fines | | 347 | |
| Miscellaneous | | 2,636 | |
| Total other revenues | 58,075 | 62,919 | 4,844 |
| Total revenues | \$ 869,925 | \$ 850,564 | \$ (19,361) |

TOWNSHIP OF ROSE
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

| | <u>Amended Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|--------------------------|---------------------------|-------------------|---|
| TOWNSHIP BOARD | | | |
| Per diems | \$ | \$ 4,800 | \$ |
| Health insurance | | 10,028 | |
| Payroll taxes | | 367 | |
| Pension | | 480 | |
| | | <u> </u> | <u> </u> |
| Total township board | <u>14,575</u> | <u>15,675</u> | <u>(1,100)</u> |
| SUPERVISOR | | | |
| Salary | | 45,000 | |
| Payroll taxes | | 3,443 | |
| | | <u> </u> | <u> </u> |
| Total supervisor | <u>48,500</u> | <u>48,443</u> | <u>57</u> |
| ELECTIONS | | | |
| Election inspectors | | 6,575 | |
| Supplies | | 2,594 | |
| School election supplies | | 3,257 | |
| Postage | | 1,069 | |
| Contracted services | | 400 | |
| Mileage | | 334 | |
| Printing | | 947 | |
| | | <u> </u> | <u> </u> |
| Total elections | <u>20,200</u> | <u>15,176</u> | <u>5,024</u> |
| ASSESSOR | | | |
| Contracted services | | 30,960 | |
| Clerical services | | 364 | |
| Dues and subscriptions | | 25 | |
| Supplies | | 622 | |
| | | <u> </u> | <u> </u> |
| Total assessor | <u>34,035</u> | <u>31,971</u> | <u>2,064</u> |
| CLERK | | | |
| Salary | | 45,000 | |
| Deputy clerk | | 29,455 | |
| Health insurance | | 16,273 | |
| Payroll taxes | | 5,876 | |
| Pension | | 7,446 | |
| Supplies | | 248 | |
| Mileage | | 91 | |
| | | <u> </u> | <u> </u> |
| Total clerk | <u>106,305</u> | <u>104,389</u> | <u>1,916</u> |
| BOARD OF REVIEW | | | |
| Salaries | | 1,800 | |
| Payroll taxes | | 138 | |
| Supplies | | 97 | |
| | | <u> </u> | <u> </u> |
| Total board of review | <u>2,050</u> | <u>2,035</u> | <u>15</u> |

TOWNSHIP OF ROSE
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - continued
FOR THE YEAR ENDED JUNE 30, 2007

| | <u>Amended Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|------------------------------|---------------------------|-------------------|---|
| TREASURER | | | |
| Salary | | 45,000 | |
| Deputy treasurer | | 23,770 | |
| Health insurance | | 35,596 | |
| Payroll taxes | | 5,292 | |
| Pension | | 6,877 | |
| Supplies | | 590 | |
| Mileage | | 490 | |
| | | <u> </u> | <u> </u> |
| Total treasurer | <u>117,880</u> | <u>117,615</u> | <u>265</u> |
| BUILDINGS AND GROUNDS | | | |
| Salary | | 5,194 | |
| Payroll taxes | | 397 | |
| Supplies | | 1,733 | |
| Mileage | | 6,226 | |
| Utilities | | 23 | |
| Repairs | | 5,446 | |
| Water well | | 13,051 | |
| | | <u> </u> | <u> </u> |
| Total building and grounds | <u>35,075</u> | <u>32,070</u> | <u>3,005</u> |
| UNALLOCATED | | | |
| Salaries | | 500 | |
| Health insurance | | 22,714 | |
| Retirement | | 1,067 | |
| Supplies | | 3,482 | |
| Summer tax collection | | 4,928 | |
| Mailing expense | | 3,035 | |
| Audit fees | | 6,840 | |
| Computer services | | 11,167 | |
| Attorney fees | | 21,940 | |
| Cable consultant | | 311 | |
| Dues and subscriptions | | 9,312 | |
| Telephone | | 9,646 | |
| Printing and publishing | | 4,127 | |
| Insurance and bonds | | 33,984 | |
| Prescription reimbursement | | 3,382 | |
| Miscellaneous | | 2,195 | |
| Repairs and maintenance | | 6,895 | |
| Tax chargeback | | 3,896 | |
| Capital outlay | | 10,842 | |
| | | <u> </u> | <u> </u> |
| Total unallocated | <u>184,740</u> | <u>160,263</u> | <u>24,477</u> |

TOWNSHIP OF ROSE
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL - continued
FOR THE YEAR ENDED JUNE 30, 2007

| | <u>Amended Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|--------------------------------|---------------------------|-------------------|---|
| ORDINANCE ENFORCEMENT | | | |
| Constable | | 10,000 | |
| Zoning enforcement | | 10,000 | |
| Health insurance | | 3,574 | |
| Payroll taxes | | 1,749 | |
| Pension | | 2,011 | |
| Supplies | | <u>70</u> | |
| Total ordinance enforcement | <u>28,100</u> | <u>27,404</u> | <u>696</u> |
| PLANNING COMMISSION | | | |
| Salaries | | 32,045 | |
| Health insurance | | 1,850 | |
| Payroll taxes | | 2,593 | |
| Retirement | | 3,084 | |
| Supplies | | 163 | |
| Planning services | | 6,525 | |
| Infrastructure projects | | <u>728</u> | |
| Total planning commission | <u>53,845</u> | <u>46,988</u> | <u>6,857</u> |
| ZONING BOARD OF APPEALS | | | |
| Salaries | | 625 | |
| Payroll taxes | | 48 | |
| Dues | | <u>65</u> | |
| Total zoning board of appeals | <u>2,200</u> | <u>738</u> | <u>1,462</u> |
| PUBLIC WORKS | | | |
| Street lighting | | 2,791 | |
| Recycling | | 1,795 | |
| Clean-up day | | 9,690 | |
| Road maintenance | | <u>69,880</u> | |
| Total public works | <u>86,700</u> | <u>84,156</u> | <u>2,544</u> |
| COMMUNITY PROMOTION | | | |
| Youth assistance | <u>3,625</u> | <u>3,625</u> | |
| PARKS AND RECREATION | | | |
| Repairs | <u>5,600</u> | <u>5,327</u> | <u>273</u> |
| LIBRARY | | | |
| Library services | <u>6,700</u> | <u>6,610</u> | <u>90</u> |
| Total expenditures | <u>\$ 750,130</u> | <u>\$ 702,485</u> | <u>\$ 47,645</u> |

FIRE
FUND

TOWNSHIP OF ROSE
FIRE FUND
BALANCE SHEET
JUNE 30, 2007

ASSETS

ASSETS

Cash and cash equivalents

\$ 288,508

Total assets

FUND BALANCE

FUND BALANCE

\$ 288,508

TOWNSHIP OF ROSE
FIRE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

| | Amended Budget | Actual | Variance Favorable (Unfavorable) |
|---|-------------------|-------------------|--|
| REVENUES | | | |
| Property taxes | \$ | \$ 330,714 | \$ |
| Interest income | | 5,797 | |
| Total revenues | <u>335,000</u> | <u>336,511</u> | <u>1,511</u> |
| EXPENDITURES | | | |
| Contractual services | | 395,725 | |
| Tax chargebacks | | 158 | |
| Total expenditures | <u>398,000</u> | <u>395,883</u> | <u>2,117</u> |
| Excess of revenues over (under) expenditures | (63,000) | (59,372) | 3,628 |
| OTHER FINANCING SOURCES | | | |
| Transfer in | <u>14,000</u> | <u>14,000</u> | |
| Net changes in fund balance | (49,000) | (45,372) | 3,628 |
| FUND BALANCE, JULY 1, 2006 | <u>333,880</u> | <u>333,880</u> | |
| FUND BALANCE, JUNE 30, 2007 | <u>\$ 284,880</u> | <u>\$ 288,508</u> | <u>\$ 3,628</u> |

BUILDING
INSPECTION
FUND

TOWNSHIP OF ROSE
BUILDING INSPECTION FUND
BALANCE SHEET
JUNE 30, 2007

ASSETS

ASSETS

Cash and cash equivalents
Accounts receivable

\$ 15,371
186

Total assets

\$ 15,557

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable
Due to other funds

\$ 1,457
1,706

Total liabilities

\$ 3,163

FUND BALANCE

12,394

Total liabilities and fund balance

\$ 15,557

TOWNSHIP OF ROSE
BUILDING INSPECTION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

| | <u>Amended Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|-------------------------------|---------------------------|------------------|---|
| REVENUES | | | |
| Business licenses and permits | \$ | \$ 65,462 | \$ |
| Interest income | | <u>256</u> | |
| Total revenues | <u>64,750</u> | <u>65,718</u> | <u>968</u> |
| EXPENDITURES | | | |
| Salaries | | 31,934 | |
| Payroll taxes | | 2,620 | |
| Health insurance | | 7,313 | |
| Retirement | | 3,177 | |
| Supplies | | 567 | |
| Postage | | 10 | |
| Audit fees | | 760 | |
| Inspection fees | | 21,305 | |
| Dues and subscriptions | | 463 | |
| Telephone | | 2,393 | |
| Mileage | | 3,732 | |
| Prescription reimbursement | | <u>211</u> | |
| Total expenditures | <u>74,580</u> | <u>74,485</u> | <u>95</u> |
| Net change in fund balance | (9,830) | (8,767) | 1,063 |
| FUND BALANCE, JULY 1, 2006 | <u>21,161</u> | <u>21,161</u> | |
| FUND BALANCE, JUNE 30, 2007 | <u>\$ 11,331</u> | <u>\$ 12,394</u> | <u>\$ 1,063</u> |

BIG TRAIL ROAD
FUND

TOWNSHIP OF ROSE
BIG TRAIL ROAD FUND
BALANCE SHEET
JUNE 30, 2007

ASSETS

ASSETS

Cash and cash equivalents

\$ 7,240

FUND BALANCE

RESERVED FUND BALANCE

\$ 7,240

TOWNSHIP OF ROSE
BIG TRAIL ROAD FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

| | <u>Amended Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|-----------------------------|-----------------------------|-----------------|---|
| REVENUES | | | |
| Special assessments | \$ | \$ 7,430 | \$ |
| Interest income | <u> </u> | <u>65</u> | <u> </u> |
| Total revenues | 7,450 | 7,495 | 45 |
| EXPENDITURES | | | |
| Maintenance | <u>7,450</u> | <u>6,751</u> | <u>699</u> |
| Net change in fund balance | | 744 | 744 |
| FUND BALANCE, JULY 1, 2006 | <u>6,496</u> | <u>6,496</u> | <u> </u> |
| FUND BALANCE, JUNE 30, 2007 | <u>\$ 6,496</u> | <u>\$ 7,240</u> | <u>\$ 744</u> |

WILLIAMS DRIVE
MAINTENANCE
FUND

TOWNSHIP OF ROSE
WILLIAMS DRIVE MAINTENANCE FUND
BALANCE SHEET
JUNE 30, 2007

ASSETS

ASSETS

Cash and cash equivalents

\$ 3,812

FUND BALANCE

RESERVED FUND BALANCE

\$ 3,812

TOWNSHIP OF ROSE
WILLIAMS DRIVE MAINTENANCE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

| | <u>Amended Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|-----------------------------|-----------------------------|-----------------|---|
| REVENUES | | | |
| Special assessments | \$ | \$ 3,729 | \$ |
| Interest income | <u> </u> | <u>37</u> | <u> </u> |
| Total revenues | 3,920 | 3,766 | (154) |
| EXPENDITURES | | | |
| Maintenance | <u>3,915</u> | <u>3,844</u> | <u>71</u> |
| Net change in fund balance | 5 | (78) | (83) |
| FUND BALANCE, JULY 1, 2006 | <u>3,890</u> | <u>3,890</u> | <u> </u> |
| FUND BALANCE, JUNE 30, 2007 | <u>\$ 3,895</u> | <u>\$ 3,812</u> | <u>\$ (83)</u> |

FISH LAKE
WEED CONTROL
FUND

TOWNSHIP OF ROSE
FISH LAKE WEED CONTROL FUND
BALANCE SHEET
JUNE 30, 2007

ASSETS

ASSETS
Cash

\$ 6,903

FUND BALANCE

RESERVED FUND BALANCE

\$ 6,903

TOWNSHIP OF ROSE
FISH LAKE WEED CONTROL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

| | <u>Amended Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|-----------------------------|-----------------------------|-----------------|---|
| REVENUES | | | |
| Special assessments | \$ | \$ 16,277 | \$ |
| Interest | <u> </u> | <u>113</u> | <u> </u> |
| Total revenues | 16,520 | 16,390 | (130) |
| EXPENDITURES | | | |
| Weed control projects | <u>16,480</u> | <u>14,039</u> | <u>2,441</u> |
| Net change in fund balance | 40 | 2,351 | 2,311 |
| FUND BALANCE, JULY 1, 2006 | <u>4,552</u> | <u>4,552</u> | <u> </u> |
| FUND BALANCE, JUNE 30, 2007 | <u>\$ 4,592</u> | <u>\$ 6,903</u> | <u>\$ 2,311</u> |

TIPSICO LAKE
FUND

TOWNSHIP OF ROSE
TIPSICO LAKE FUND
BALANCE SHEET
JUNE 30, 2007

ASSETS

ASSETS
Cash

\$ 104,819

FUND BALANCE

RESERVED FUND BALANCE

\$ 104,819

TOWNSHIP OF ROSE
TIPSICO LAKE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

| | <u>Amended Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|-----------------------------|-----------------------------|-------------------|---|
| REVENUES | | | |
| Special assessments | \$ | \$ 46,108 | \$ |
| Interest | <u> </u> | <u>1,199</u> | <u> </u> |
| Total revenues | 47,000 | 47,307 | 307 |
| EXPENDITURES | | | |
| Maintenance | <u>60,100</u> | <u>40,432</u> | <u>19,668</u> |
| Net change in fund balance | (13,100) | 6,875 | 19,975 |
| FUND BALANCE, JULY 1, 2006 | <u>97,944</u> | <u>97,944</u> | <u> </u> |
| FUND BALANCE, JUNE 30, 2007 | <u>\$ 84,844</u> | <u>\$ 104,819</u> | <u>\$ 19,975</u> |

CEMETERY
FUND

TOWNSHIP OF ROSE
CEMETERY FUND
BALANCE SHEET
JUNE 30, 2007

ASSETS

ASSETS

| | | | |
|---------------------------|--|----|---------------|
| Cash and cash equivalents | | \$ | <u>37,874</u> |
|---------------------------|--|----|---------------|

LIABILITIES AND FUND BALANCE

LIABILITIES

| | | | |
|------------------|--|----|-----|
| Accounts payable | | \$ | 869 |
|------------------|--|----|-----|

FUND BALANCE

| | | | |
|------------------------|----|------------|--|
| Reserved for endowment | \$ | 36,858 | |
| Unreserved | | <u>147</u> | |

| | | | |
|--------------------|--|--|---------------|
| Total fund balance | | | <u>37,005</u> |
|--------------------|--|--|---------------|

| | | | |
|------------------------------------|--|----|---------------|
| Total liabilities and fund balance | | \$ | <u>37,874</u> |
|------------------------------------|--|----|---------------|

TOWNSHIP OF ROSE
CEMETERY FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

| | <u>Amended Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|---------------------------|------------------|---|
| REVENUES | | | |
| Lot sales and transfers | \$ | \$ 1,725 | \$ |
| Charges for services | | 3,505 | |
| Interest income | | <u>1,149</u> | |
| Total revenues | <u>6,280</u> | <u>6,379</u> | <u>99</u> |
| EXPENDITURES | | | |
| Salaries | | 10,305 | |
| Payroll taxes | | 788 | |
| Repairs and maintenance | | 5,250 | |
| Supplies and services | | <u>116</u> | |
| Total expenditures | <u>16,450</u> | <u>16,459</u> | <u>(9)</u> |
| Excess of revenues over (under) expenditures | (10,170) | (10,080) | 90 |
| OTHER FINANCE SOURCE | | | |
| Transfer in | <u>10,200</u> | <u>6,000</u> | <u>(4,200)</u> |
| Net change in fund balance | 30 | (4,080) | (4,110) |
| FUND BALANCE, JULY 1, 2006 | <u>41,085</u> | <u>41,085</u> | |
| FUND BALANCE, JUNE 30, 2007 | <u>\$ 41,115</u> | <u>\$ 37,005</u> | <u>\$ (4,110)</u> |

CABLE

PEG

FUND

TOWNSHIP OF ROSE
CABLE PEG FUND
BALANCE SHEET
JUNE 30, 2007

ASSETS

ASSETS

Cash and cash equivalents

\$ 76,158

Accounts receivable - cable company

3,486

Total assets

\$ 79,644

FUND BALANCE

FUND BALANCE

\$ 79,644

TOWNSHIP OF ROSE
CABLE PEG FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

| | <u>Amended Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|-----------------------------|---------------------------|-------------------------|---|
| REVENUES | | | |
| Cable franchise fees | \$ 12,800 | \$ 13,472 | \$ 672 |
| EXPENDITURES | | | |
| Salaries | | 4,300 | |
| Payroll taxes | | 362 | |
| Retirement | | 435 | |
| Small equipment | | 8,013 | |
| Total expenditures | <u>13,180</u> | <u>13,110</u> | <u>70</u> |
| Net change in fund balance | (380) | 362 | 742 |
| FUND BALANCE, JULY 1, 2006 | <u>79,282</u> | <u>79,282</u> | |
| FUND BALANCE, JUNE 30, 2007 | <u><u>\$ 78,902</u></u> | <u><u>\$ 79,644</u></u> | <u><u>\$ 742</u></u> |

COMMUNITY
DEVELOPMENT
FUND

TOWNSHIP OF ROSE
COMMUNITY DEVELOPMENT FUND
BALANCE SHEET
JUNE 30, 2007

ASSETS

| | |
|-----------------|---------------|
| ASSETS | |
| Due from county | \$ <u>250</u> |

LIABILITIES

| | |
|--------------------|---------------|
| LIABILITIES | |
| Due to other funds | \$ <u>250</u> |

TOWNSHIP OF ROSE
COMMUNITY DEVELOPMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

| | <u>Amended Budget</u> | <u>Actual</u> | Variance Favorable (Unfavorable) |
|-----------------------------|---------------------------|-------------------|--|
| REVENUES | | | |
| Grant revenues | \$ 18,601 | \$ 18,601 | \$ |
| EXPENDITURES | | | |
| Minor home repairs | <u>18,601</u> | <u>18,601</u> | |
| Net change in fund balance | | | |
| FUND BALANCE, JULY 1, 2006 | <u> </u> | <u> </u> | <u> </u> |
| FUND BALANCE, JUNE 30, 2007 | <u>\$</u> | <u>\$</u> | <u>\$</u> |

LAKE
BRAEMAR
FUND

TOWNSHIP OF ROSE
LAKE BRAEMAR FUND
BALANCE SHEET
JUNE 30, 2007

ASSETS

ASSETS

Cash and cash equivalents

\$ 66,523

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable

\$ 12,830

RESERVED FUND BALANCE

53,693

Total liabilities and fund balance

\$ 66,523

TOWNSHIP OF ROSE
LAKE BRAEMAR FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

| | <u>Amended Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|-----------------------------|-----------------------------|------------------|---|
| REVENUES | | | |
| Special assessments | \$ | \$ 17,040 | \$ |
| Interest income | <u> </u> | <u>574</u> | <u> </u> |
| Total revenues | 17,450 | 17,614 | 164 |
| EXPENDITURES | | | |
| Repairs and maintenance | <u>17,450</u> | <u>29,944</u> | <u>(12,494)</u> |
| Net change in fund balance | | (12,330) | (12,330) |
| FUND BALANCE, JULY 1, 2006 | <u>66,023</u> | <u>66,023</u> | <u> </u> |
| FUND BALANCE, JUNE 30, 2007 | <u>\$ 66,023</u> | <u>\$ 53,693</u> | <u>\$ (12,330)</u> |

STREET
LIGHTING
FUND

TOWNSHIP OF ROSE
STREET LIGHTING FUND
BALANCE SHEET
JUNE 30, 2007

ASSETS

ASSETS

Cash and cash equivalents

\$ 774

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable

\$ 86

RESERVED FUND BALANCE

688

Total liabilities and fund balance

\$ 774

TOWNSHIP OF ROSE
STREET LIGHTING FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

| | <u>Amended Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|-----------------------------|-----------------------------|---------------|---|
| REVENUES | | | |
| Special assessments | \$ | \$ 950 | \$ |
| Interest income | <u> </u> | <u>7</u> | <u> </u> |
| Total revenues | 955 | 957 | 2 |
| EXPENDITURES | | | |
| Utilities | <u>955</u> | <u>1,074</u> | <u>(119)</u> |
| Net change in fund balance | | (117) | (117) |
| FUND BALANCE, JULY 1, 2006 | <u>805</u> | <u>805</u> | <u> </u> |
| FUND BALANCE, JUNE 30, 2007 | <u>\$ 805</u> | <u>\$ 688</u> | <u>\$ (117)</u> |

INFRASTRUCTURE
FUND

TOWNSHIP OF ROSE
INFRASTRUCTURE FUND
BALANCE SHEET
JUNE 30, 2007

ASSETS

ASSETS

Cash and cash equivalents
Accounts receivable

\$ 16,924
5,004

Total assets

\$ 21,928

FUND BALANCE

FUND BALANCE

\$ 21,928

TOWNSHIP OF ROSE
INFRASTRUCTURE FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

| | <u>Amended Budget</u> | <u>Actual</u> | <u>Variance Favorable (Unfavorable)</u> |
|---|---------------------------|------------------|---|
| REVENUES | | | |
| Grant from county | \$ | \$ 5,004 | \$ |
| Right of way fees | | 7,648 | |
| Interest income | | <u>150</u> | |
| Total revenues | 7,700 | 12,802 | 5,102 |
| EXPENDITURES | | | |
| Capital outlay | <u>183,200</u> | <u>183,148</u> | <u>52</u> |
| Excess of revenues over (under) expenditures | (175,500) | (170,346) | 5,154 |
| OTHER FINANCING SOURCES | | | |
| Transfer in | <u>178,600</u> | <u>160,000</u> | <u>(18,600)</u> |
| Net change in fund balance | 3,100 | (10,346) | (13,446) |
| FUND BALANCE, JULY 1, 2006 | <u>32,274</u> | <u>32,274</u> | |
| FUND BALANCE, JUNE 30, 2007 | <u>\$ 35,374</u> | <u>\$ 21,928</u> | <u>\$ (13,446)</u> |

CURRENT
TAX
COLLECTION
FUND

TOWNSHIP OF ROSE
CURRENT TAX COLLECTION FUND
BALANCE SHEET
JUNE 30, 2007

ASSETS

ASSETS

Cash and cash equivalents

\$ 508

LIABILITIES

LIABILITIES

Due to other funds

\$ 508

TRUST
AND
AGENCY
FUND

TOWNSHIP OF ROSE
TRUST AND AGENCY FUND
BALANCE SHEET
JUNE 30, 2007

ASSETS

ASSETS

Cash and cash equivalents

\$ 50,945

LIABILITIES

LIABILITIES

Performance bonds

\$ 49,887

Due to other funds

1,058

Total liabilities

\$ 50,945



PFEFFER ■ HANNIFORD ■ PALKA
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October 15, 2007

Board of Trustees
Township of Rose
9080 Mason Street
Holly, Michigan 48442

Honorable Board of Trustees:

In planning and performing our audit of the financial statements of Township of Rose for the year ended June 30, 2007, we came across some items which we are bringing to your attention for discussion. Those items are as follows:

CASH DISBURSEMENTS

We noticed an instance in which sales tax was paid on a utility account. The Township is exempt from paying this tax, and should take measures to avoid having this tax collected. In some circumstances, these amounts can be refunded by the vendor charging this tax. With the move into a new facility, the Township may wish to check any new accounts billed for any sales tax issues.

There is an individual reimbursing the Township for the difference between the single and family health insurance. Although they were all paid up at fiscal year end, the Township had not received regular payments throughout the year. The Township should collect these funds each month.

CASH MANAGEMENT

The cash reconciliations were not being reconciled to the general ledger monthly. In July 2007, the State of Michigan came out with a new accounting procedures manual requiring all municipalities to reconcile their cash timely. Typically, that would mean at least on a monthly basis.

POST-RETIREMENT BENEFITS

The Government Accounting Standards Board (GASB) has released Statement Number 45, *Accounting and Reporting by Employers for Post-employment Benefits Other than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as many "other" post-employment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ending June 30, 2009. An actuarial calculation will be required once every three years.

COMMUNICATION OF SIGNIFICANT DEFICIENCIES AND MATERIAL WEAKNESSES

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Township of Rose as of and for the year ended June 30, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered Township of Rose's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified one deficiency in internal control that we consider to be a significant deficiency or material weakness.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

We consider the following to be a material weakness of the Township:

- Journal entries were required during the audit to ensure the financial statement presentation was in conformity with generally accepted accounting principals. It should be noted that a number of these journal entries were related to transactions that were unusual and infrequent in nature. The entries also include those required for the full-accrual presentation of the government-wide statements.

This report is intended solely for the information and use of the Township Board and is not intended to be and should not be used by any other party.

We would like to thank the Township staff and management for the cooperation and assistance provided during the audit. If you should have any questions, comments or concerns please let us know.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants